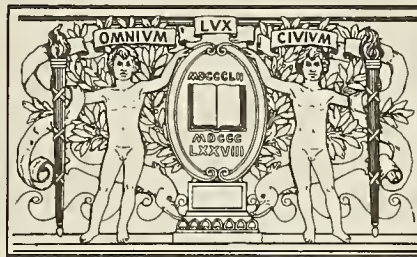


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CITY OF BOSTON



FINANCE COMMISSION

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April 4, 1973

To the Honorable the Mayor:

The Boston Finance Commission has investigated the procedures followed by the City of Boston with regard to street openings occasioned by public utilities and other permittees. There are approximately 12,000 street openings per year which not only involve substantial administrative and supervisory costs on the part of Boston, but also result in significant disruption and inconvenience.

The procedures currently followed by the City of Boston are set forth in Appendix I attached hereto. In addition, Appendix II sets forth the procedures followed by certain other cities in the United States. This information was gathered from questionnaires prepared by the Finance Commission.

As indicated from the information set forth in Appendix I, there are two classes of permittees:

1. Public utilities such as Boston Gas, Boston Edison and New England Telephone; and
2. Private permittees.

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All utility companies are required to establish a deposit account with the City. After public advertising, the low bidder is designated to make the permanent repairs to all street openings. The contractor making the permanent repairs sends his invoice to the City which is paid out of the deposit account. The City also collects 10% of the repair cost for paper work, supervision and administrative responsibilities.

Substantially the same procedure is followed in the case of private permittees except that there is no deposit account involved. Instead, the permittee is required to place a deposit with his application for a street opening. The amount of the deposit is based on the estimated cost of the repair work. The cost of the permanent repair is paid from the deposit with the City. As in the case of utility companies, a private permittee is also charged 10% by the City for administrative costs.

If there is a difference of less than 10% between the estimated cost and the actual cost, the City absorbs the difference; if the difference is more than 10%, the utility company or private permittee is required to pay.

The Finance Commission sees no justification whatsoever for the failure of the City to collect the actual cost of the repair instead of absorbing the difference between the estimated cost and the actual cost.

Moreover, the Finance Commission strongly recommends that the current charge of 10% for administrative costs be raised. This percentage has been in effect since 1960. Since that time, the costs of

municipal administration have sharply increased. Public utilities and private permittees should bear the burden for all costs incurred by the City as a result of street openings.

In addition, in congested areas there is no justification whatsoever for the City not to increase the charge significantly. All citizens of Boston are familiar with the inconvenience and disruption caused by street openings in the downtown area. While no one can question the necessity of these openings, it seems clear that those receiving the benefits ought to be required to pay the costs.

The City of Cleveland levies a charge of 25% of the repair work for all street openings in congested areas. The traffic congestion, public inconvenience and community disruption are obvious indirect costs which should be borne by the public utility or private permittee receiving the benefit of the street opening. The Finance Commission does not believe that the charge should be limited to the direct measurable money cost of the service.

Emphasizing user charges as a source of municipal revenue, and requiring the user to carry all the costs stemming from the special benefits he receives is in line with current thinking in municipal finance.

The Finance Commission, therefore, recommends that:

1. The surcharge for administrative costs for permanent repairs of street openings be raised from 10% to 15%.
2. The surcharge for repair work in congested areas be twenty-five per cent (25%).
3. Permittees be required to pay all costs for repair of street openings regardless of the amount by which the actual cost exceeds the deposit.



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These proposed changes could bring an additional \$50,000 to \$100,000 in revenue each year to the City.

Respectfully submitted,

Ralph I. Fine, Chairman,

Joseph P. McNamara,

Frederick R. H. Witherby, Esq.,

William A. Davis, Jr., Esq.,

Henry B. Wynn, Esq.,

THE FINANCE COMMISSION.

Thomas J. Murphy,
Executive Secretary.

APPENDIX I

The procedures followed by Boston in administering street openings are as follows:

1. All utility companies are required to establish a deposit account with the City from which the City deducts all charges.
2. All private permittees are required to place a deposit with the City upon application for a street opening. The amount of the deposit equals the estimated cost of repair.
3. The City of Boston advertises for bids for repair work on the following:
 - a. All City force street openings.
 - b. All openings for the utility companies.
 - c. Defective areas in streets.
 - d. All openings of private permittees.
4. The low bidder is designated by the Public Works Department to make permanent repairs at all openings created by utility companies and private permittees, at the bid prices in the contract.
5. The payment includes:
 - a. Repairs, if needed, to pavement adjacent to trench or street opening due to settlement or defect caused by street opening.

Under the old system, the payment included only six inches on either side of the opening.

- b. 10% of the repair cost which is paid to the City for its administrative and supervisory expense.
6. With the tremendous building boom in Boston, many varied street openings have become necessary. In most instances, the entire roadway is repaired. The cost of the entire roadway is pro-rated between the utility or private permittee and the City.
7. The contractor making the permanent repairs sends his invoice to the City, stating the street openings encompassed by the repairs. The City checks and verifies the invoice and sends same to the Auditor and Treasurer for payment. The invoice is paid out of the deposit accounts of the utility companies and private permittees involved.
8. The present procedures are as follows:
- a. Utility Company
 - 1. Apply for a permit for a desired street opening.
 - 2. Permit is granted by the Public Works Department.

3. Street opening is made - installation or repairs performed - temporary back-fill patch put down.
4. Within 30 days, the company is required to furnish to Public Works Department a sketch showing the location and the dimensions of the street opening.
5. Upon receipt of the sketch, the Public Works Department computes the estimated cost for permanent repairs and follows with a statement of the cost to the utility company involved.
6. When the permanent repair has been completed and a bill has been received from the contractor - the following prevails:
 - a. The Public Works Department notifies the utility company and sends out a statement covering the transaction.
 - b. The final cost is taken out of the deposit account of the utility company involved.

b. Private Permittee

1. Upon application for a permit for an opening, it is necessary to deposit the total amount of the estimated cost.

2. Upon the completion of the permanent repairs, a final cost is determined.
9. Procedure for differences between the estimated bill and final cost in regard to the utility companies and private permittees is as follows:
 - a. If the difference is below 10%, the City will absorb the cost, but if in excess of 10%, the City will bill for the difference.
 - b. If permanent street opening repairs are on a street that is to be phased out within a year or less, the City will refund the deposit.
 - c. If street openings have been made in an unpaved or demolished area, with a new street to be constructed in the immediate future, no charge is made.
10. Prior to 1970, all new construction and reconstruction of streets and sidewalks were guaranteed for a five-year period by the contractor. Since 1970, the guarantee period has been lowered to one year.

11. Under the guarantee, all permanent repairs must be made by the contractor making the guarantee. However, the unit prices are slightly higher than the original contract to compensate for increased costs due to the limited quantities and unrelated locations involved.

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PROCEDURE FOLLOWED BY VARIOUS CITIES IN STREET OPENINGSBOSTON, MASS.

1. All utility companies are required to establish a deposit account with the City from which the City deducts all charges.
2. All private permittees are required to place a deposit with the City upon application for a street opening.
3. City advertises for public bids, award to lowest bidder to make permanent repairs at all openings.
4. Payment includes cost of repair plus paper work and administrative costs. (10% of cost)
5. If entire roadway is put down, cost of each opening is determined by pro-rating repair to entire cost.
6. Private permittees - cost is the amount of deposit. See #8.
7. Public Utilities:- invoice paid out of deposit accounts with City.
8. Difference between estimated cost and final cost:
 - a. When over 10% city bills.
 - b. When under 10%, city absorbs the same.
9. Street opening work on street to be phased out 1 year or less, deposit is refunded. If on unpaved area, no charge is made.
10. Streets guaranteed for one year.
11. Guaranteed street repairs made by contractor making guarantee, at unit prices slightly higher to take into consideration limited quantities and at unrelated locations.

CLEVELAND, OHIO

1. Permit required by Utility and private permittee with fixed fee of \$10 for each 300' of opening. Said permit must contain all necessary data.
2. Before permit is issued - Utility or private permittee shall deposit with City cost of total repair plus 20% for general supervision.
3. Permit shall state:
 - a. Exact time for opening.
 - b. Probable length of time for work and repair.
4. Permanent repair or the temporary laying of pavement performed by the City.
5. Director of Public Service shall certify to Commissioner of Accounts:
 - a. Cost of relaying pavement.
 - b. Cost of inspection.
6. Commissioner of Accounts shall issue vouchers for transfer to general funds the required amount of the deposits to reimburse the City for cost of repair and supervision.
7. If deposit is insufficient warrant issued for collection of balance due and if greater the excess is returned to Utility or Permittee.
8. Some Utilities have permission to open streets with City Inspectors present - they do make permanent pavement repairs (Street Railway Company).
9. Contractors are covered by bond to the City.
10. Permanent repairs done by City have standard charges set up with a 25% increase for work in congested areas.

CHICAGO, ILLINOIS

1. The Utility or Agency making the street opening is held responsible for pavement repair - so stated on permit obtained prior to starting.
2. All are required to deposit a sufficient amount of monies to guarantee restoration of pavement.
3. Are required to reconstruct all sidewalks, curbs and base pavements.
4. Can elect to place surface pavement or request City P.W.D. to do same on a force account basis, with deduction of the cost from the contractor's or agency's deposit.
5. Upon completion of work, all remaining monies, less inspection fees is refunded to the contractor or permittee.
6. All permanent repairs of street openings on public ways be made as soon as good engineering practices allow.
7. Temporary repairs allowed only due to unavailability of suitable material (winter season).
8. Upon completion of facility installation (long pipe lines or sewers) restoration of street pavement must follow within a one block limit or 600 feet.
9. In the event of a street opening on newly constructed street, namely guaranteed streets, the contractor or agency making the opening is responsible for restoration, and the developer or street contractor's guarantee withstands on all portions of street except the restored area.
10. Under contract specs.- a contractor's responsibility is clearly stated, as well as protection afforded by various permits secured prior to starting operations.

DETROIT, MICHIGAN

- 1.* Agency or Utility Company making street openings makes temporary repairs.
2. Permit is required for all street openings.
3. No definite time limit is established before permanent repairs are made.
4. Agency or Utility are required to maintain temporary repairs until permanent repairs are made or City will make them and charge responsible Agency.
5. Pavement base for permanent repairs is placed by Agency or Utility making street opening.
6. Asphalt surface done by street maintenance and construction division, P.W.D. of City on a force account basis.
7. Private permittees upon receipt of permit are required to make necessary permanent repairs, but can arrange for City P.W.D. to do so at current prices in effect.
8. In 1970 permanent repairs for street opening work load too heavy, hence let out on a contract by public bids. Inspection of work done by City Engineer's Office.
9. Guarantee required from contractors only on sidewalk work.
10. Obligation of contractor for street work ends when the work undertaken by others is begun.
11. Street construction performed under close supervision with plans and specs.; no guarantee is required.

*Agency refers to private permittee.

SAN FRANCISCO, CALIFORNIA

1. All street openings require a permit from P.W.D. with location of opening stated.
2. Company making the opening is responsible for making and maintaining pavement restoration at said location.
3. Company making the street opening does or contracts for pavement restoration under inspection by Public Works Department.
4. Temporary repairs permitted if there are valid reasons for postponing permanent repairs - as:
 - a. Need to open street to traffic on same day.
 - b. Plan reconstruction of entire street.
5. The Utility Company or its contractor makes the repairs.
6. No specific time period between temporary and permanent paving in the regulations.
7. Street contracts contain a one year guarantee period for paving work.
8. Every effort made to avoid street openings during guarantee period unless an emergency exists.

BALTIMORE, MARYLAND

1. Openings in sidewalk or footway - agency or utility making same is responsible for permanent repair - which is to be made immediately.
2. Temporary repairs allowed if weather conditions or circumstances prevent permanent repairs.
3. Openings made by utility company or non city agency. Temporary repairs are made immediately by company or agency. Permanent repairs made by P.W.D. by force account-bill agency or utility company.
4. Time allowed between temporary and permanent repairs depend on weather and degree of priority to other tasks of Bureau of Public Works.
5. Obligations of contractor spelled out in agreement with utility or company performing work. Work of this nature done after permit is obtained from Bureau of Public Works and City involved to see that work is done in accordance with applicable codes or regulations.

PHILADELPHIA, PENNSYLVANIA

1. The City only issues permits to the Utility Company to make street opening.
2. The City does not make any repairs for any Utility Company.
3. The Utility Company makes the opening but the restoration is done by a paving contractor hired and paid by the Utility Company.
4. Temporary repairs are made immediately in the roadway or footway. The Utility Company does not do this work, it is done by a paving contractor.
5. Permanent restoration usually made within 3 weeks. The ruling is that it must be completed within 30 days.
6. When a Utility Company makes an opening in a newly paved street (guaranteed street - for 5 years), must have paving restored by the contractor who paved the street. In this way the contractor can maintain his guarantee.

ST. LOUIS, MISSOURI

1. Plumbing contractors make temporary repairs.
2. Utilities put in concrete base and permanent repairs made shortly thereafter.
3. Permanent street opening repairs (contractors) made by City Maintenance Section.
4. Utilities either make their own permanent repairs or contract it out.
5. On major streets permanent repairs done immediately..
6. Secondary street opening repairs done within 10 days to two weeks.
7. Plumbing contractors (private permittees) are billed after permanent repairs are made by street maintenance section.
8. The contractor whether for Utility or Plumber, must be licensed and must place a cash deposit or performance bond with the City.
9. Responsibility for street - alley - sidewalk - tree lawn - excavation lies with the contractor or Utility and the City must be held blameless.

